

TRUST BOARD

Title:	Finance Performance at Month 8 - 2018/19
Action:	FOR DISCUSSION
Meeting:	9 January 2019

Purpose:

This paper reports the financial performance to Month 8 - 2018/19 and highlights key messages to bring to the Board's attention.

- The Trust delivered an in month operating surplus of £176k for Month 7 and £178k for Month 8.
- The cumulative position to Month 8 is a £1,420k surplus.
- The cash balance at 30 September 2018 was £9.65m.
- The Use of Resources (UOR) Metric continues to be level 1 for the reporting period.
- The Trust's Cost Improvement Plan (CIP) delivered savings of £0.477m over months 7 and 8, giving a total achievement of £1.705m for the financial year against planned schemes of £1.712m.
- Board Risks impacted by the information included in this report are 2257 – risk to maintaining financial sustainability and 2610 - performance against savings the 2018/19 target.

Recommendation:

The Trust Board is asked to discuss and note the information contained within the report and to accept the findings included in the finance report.

	Name	Title
Author:	Paul Spencer	Head of Statutory Accounting
Executive sponsor:	Mark Robbins	Director of Finance and Resources

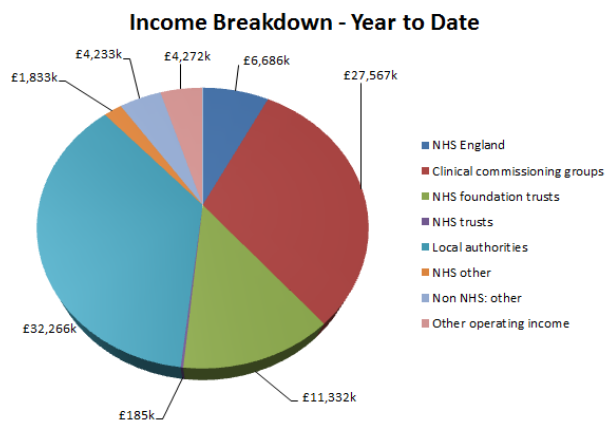
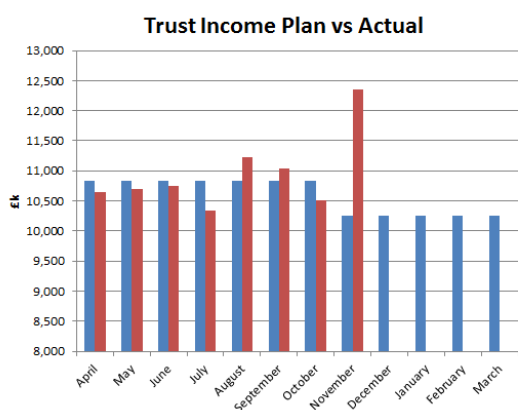
1. Executive Summary

1.1 Key Messages for the Trust's financial performance for Month 8:

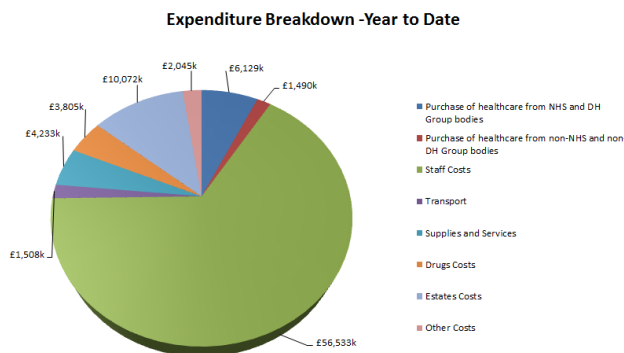
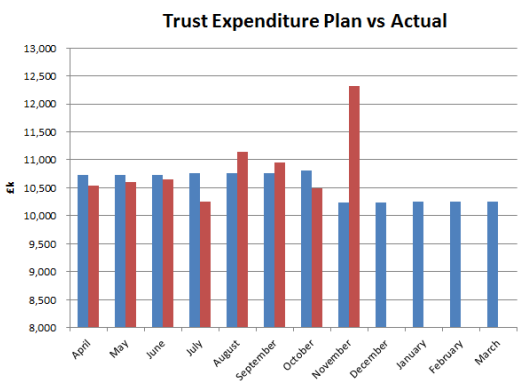
- The Trust delivered an in month operating surplus of £176k for Month 7 and £178k for Month 8, against a planned surplus of £176k and £177k respectively.
- The cumulative position in Month 8 is a £1,420k surplus, against a year to date plan of £1,409k.
- The cash balance at 30 November 2018 was £9.65m.
- The Use of Resources (UOR) Metric continues to be level 1 for the reporting period.
- The Trust's Cost Improvement Plan (CIP) delivered savings of £0.477m over months 7 and 8, giving a total achievement of £1.705m for the financial year against planned schemes of £1.712m. CIP performance is a Board Risk number 2610.

2. Trust Wide Financial Performance for Month 8 2018/19

2.1 Income

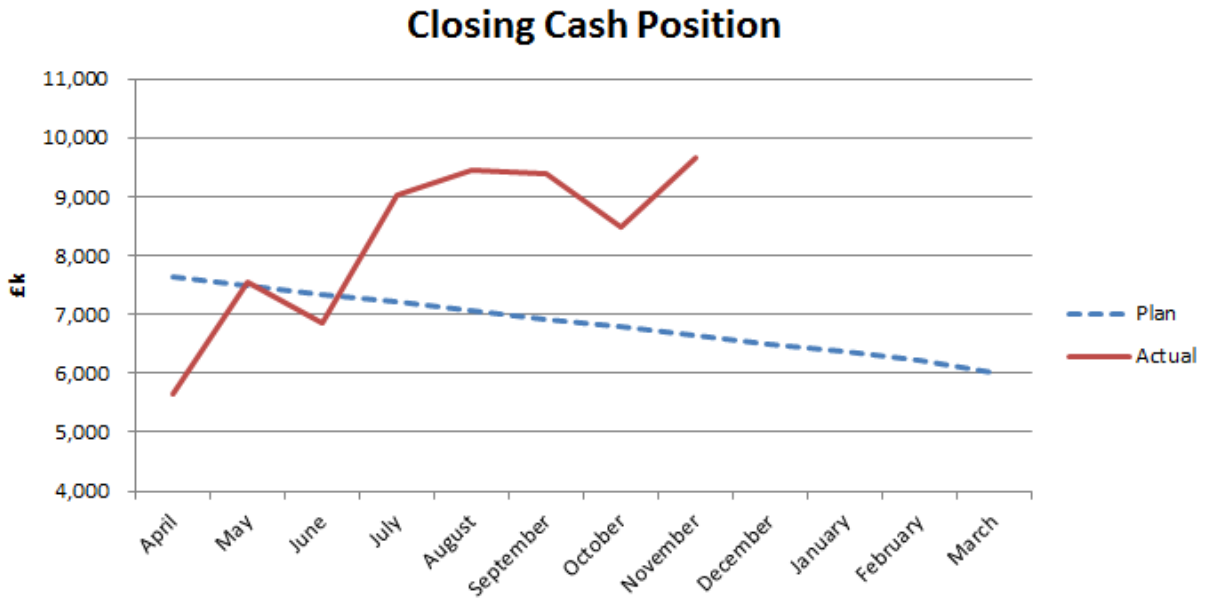


2.2 Expenditure



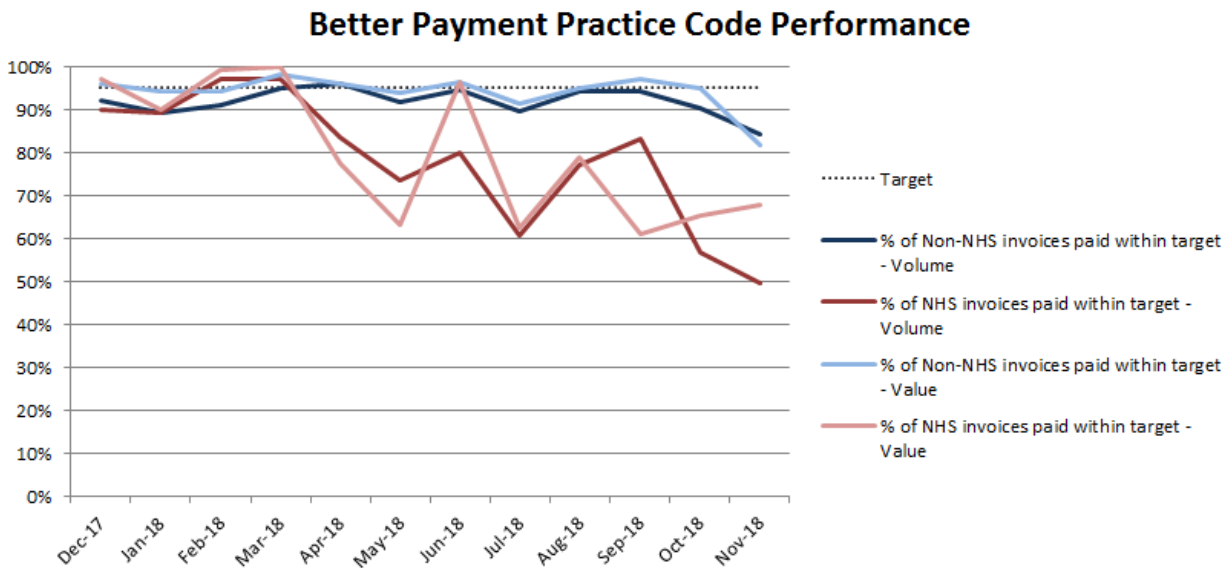
The Trust's income and expenditure has increased above plan in November due to the delayed transfer of children's acute services to North West Anglia NHS FT, which was expected to take place at the start of November. Following contract discussions, income has also been recognised in month for the Norfolk County Council reward payment, which is for six months in 2017/18 and the current financial year.

2.3 Cash Balance



The cash balance of £9.7m at Month 8 represents an overall increase of £1.2m from the Month 7 cash balance. During the reporting period, two of the larger SLA payments were not received in Month 7, which resulted in a catch up payments in Month 8. Cambs County Council paid a significant amount to reduce their outstanding receivable balance in Month 7.

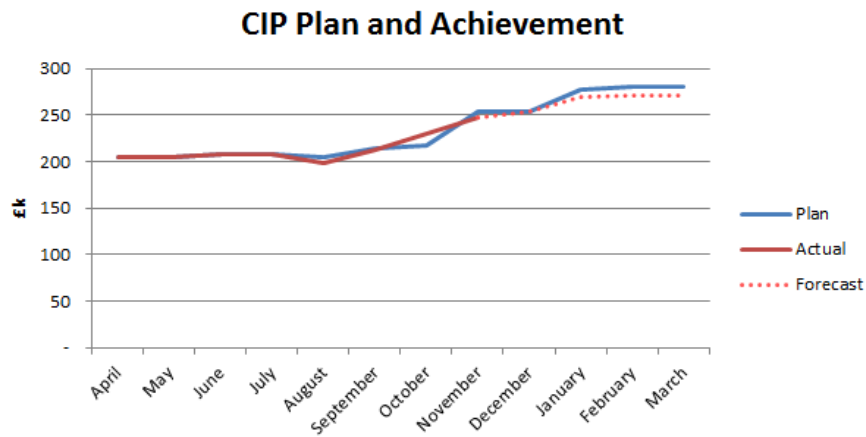
2.4 Better Payment Practice Code



The average in month prompt payments results across the four categories was 77% in Month 7 and 71% in Month 8. In Month 7, the Trust achieved the 95% target in Non-NHS invoices by value. NHS performance has temporarily decreased in Month 7 and 8, a following reconciliation exercise and payment of outstanding invoices which have been in query for several weeks. Non-NHS performance was affected in Month 8 by an error in the processing of invoices from our stationary provider, where 188 invoices were processed outside of the 30 day target. These invoices are processed by our shared services team and the issues have been raised at the latest operational meeting for immediate resolution.

The overall Trust average across the four categories for the last 12 months has decrease to 86% from 88%. The Finance team will continue to work closely with the teams and services to ensure all invoices are processed promptly.

2.5 Cost Improvement (CIP)



The Trust's 2018/19 Cost Improvement Plans (CIP's) have delivered cumulative savings in the financial year of £1.705m against a target of £1.712m. The Trust has identified schemes to deliver £2.771m of the annual savings target of £2.803m. The full year effect of the schemes identified in 2018/19 is £3.287m.

2.6 Capital Spend

	18/19 Annual Plan	18/19 Cost	18/19 Commitment
All Sites	£270k	£28k	£28k
Bedford	£229k	£280k	£332k
Bid Success	£50k	-	-
Brookfield HC	£50k	-	-
Brookfield Hosp	£270k	£85k	£85k
Doddington	£100k	-	-
Hinchingbrooke	£50k	-	-
Luton	£25k	-	-
Midgate DAC	£10k	-	-
North Cambs	£1,439k	£1,135k	£1,770k
Oak Tree	£185k	-	-
Peterborough	£356k	£437k	£437k
POW	£50k	£49k	£49k
Ramsey Rd Clinic	£50k	-	-
Dental Xray Equipment	£125k	£145k	£145k
Equipment Replacement	£167k	-	-
IT Infrastructure	£42k	£423k	£423k
Grand Total (net)	£3,467k	£2,582k	£3,269k

The project at North Cambs Hospital in Wisbech and Dunstable Health Centre are now both underway, with Phase two at North Cambs Hospital starting in November 2018. The Trust has received additional funding in Month 8 for the roll out of WiFi across several Trust sites.

3. Finance Scorecard

Finance Dashboard - Month 8	Section in Report	Plan 30/11/18	Actual 30/11/18	Variance 30/11/18
Operating income from patient care activities	2.1	£82,564k	£84,102k	£1,538k
Other operating income	2.1	£4,326k	£4,272k	(£54k)
Employee expenses	2.2	£56,203k	£56,498k	(£295k)
Operating expenses excluding employee expenses	2.2	£28,139k	£29,317k	(£1,178k)
Trust Surplus/(Deficit)		£1,409k	£1,420k	£11k
Closing Cash Balance	2.3	£6,642k	£9,650k	£3,008k
Cost Improvement Plan (CIP)	2.5	£1,712k	£1,705k	(£7k)
Capital Programme	2.6	£3,307k	£2,582k	£725k
Use of Resources Metric	4.3	1	1	-
Agency Spend	4.5	£1,767k	£1,347k	£420k
Bank Spend	4.6	£732k	£789k	£57k
Provider sustainability fund (PSF)		£829k	£829k	£0k

4. Summary of Financial Performance

4.1 Net Income & Expenditure

Division Level	Nov-18					
	Income £'000	Pay £'000	Non-Pay £'000	Net Total £'000	Net Budget £'000	Variance £'000
Ambulatory Care Services	1,122	(11,794)	(7,163)	(17,835)	(17,800)	(35)
Bedfordshire Community Unit	519	(7,896)	(1,442)	(8,819)	(9,380)	561
Childrens & Younger Peoples Services	1,725	(21,204)	(2,844)	(22,323)	(22,687)	364
Luton Community Unit	685	(11,218)	(2,121)	(12,654)	(13,145)	491
Other Services	-	-	-	-	-	-
- Contract Income & Reserves	76,611	19	(7,047)	69,583	70,438	(855)
- Corporate Services	4,109	(4,285)	(5,716)	(5,892)	(5,701)	(191)
- Health Centres	3,604	(121)	(4,134)	(651)	(327)	(324)
CCS Total @ 30 November 2018	88,375	(56,499)	(30,467)	1,409	1,398	11

Ambulatory Care Services delivered an overspend of £49k in month 7 and an overspend of £61k in month 8. The main reasons for the overspends are due to the increase express test pathology costs in the iCaSH services and equipment costs in Dental services for MOS setup.

Bedfordshire Community Unit delivered a £38k overspend in month 7 and a £174k underspend in month 8. In both months, pay costs were lower than plan, due to vacancies and establishment control. The month 7 overspend was due to backdated estates costs, following cost information being received from ELFT.

Children's & Younger Peoples Services delivered a net overspend of £67k in month 7 and a £7k overspend in month 8. The cumulative underspend position is mainly due to pay costs being lower than plan, due to vacancies and establishment control in the Healthy Child Programme (HCP) services in Cambridgeshire and Norfolk. The Acute Children's services in Cambridgeshire continues to delivery an overspend due to establishment cost pressures, which was significantly higher in month 7 due to overtime and agency costs.

Luton Community Unit (including Luton Children's Services) delivered an underspend of £177k in month 7 and a £6k underspend in month 8. The underspends were due to pay establishment savings in District Nursing and Cancer and Palliative Care and Children's services for both periods.

4.2 CIP Dashboard

COST IMPROVEMENT PLAN 2018/2019 SUMMARY

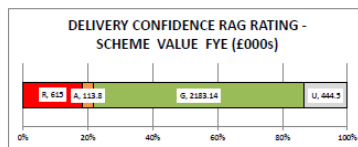
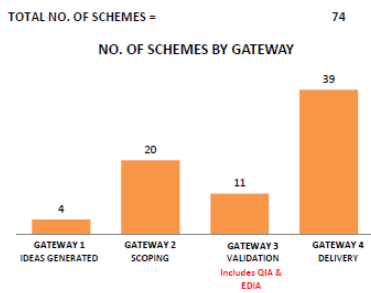
OVERALL STATUS AT : **Month 8 - November 18**

TARGET (£'000)	PLAN AND FORECAST	PLAN FYE (£'000s)	FORECAST FYE (£'000s)	PLAN PYE (£'000s)	FORECAST PYE (£'000s)
3303*	18/19 IDENTIFIED SCHEMES :	2,912	2,525	2,358	2,279
	18/19 UNIDENTIFIED SCHEMES	445	762	445	0
	NON RECURRENT SAVINGS	0	0	0	500
	TOTAL PLAN	3,356	3,287	2,803	2,779

*Includes E303k c/fwd schemes

DELIVERED (YTD)	
PLANNED SAVINGS YTD (£000):	SAVINGS DELIVERED YTD (£000):
1,712	1,713
VARIANCE FROM TARGET (£'000s): 2	
VARIANCE FROM TARGET (%): 0%	

SCHEMES



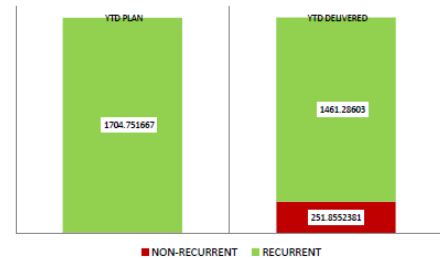
RED = Successful delivery of the savings appears to be in doubt or unachievable

AMBER = Delivery appears feasible however constant attention needed/Delivery of planned savings is affected - either the total sum or the phasing.

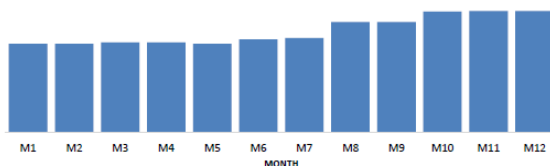
GREEN = Successful delivery of the savings within the planned timeframe appears highly likely

GREY = Unidentified schemes, part of target

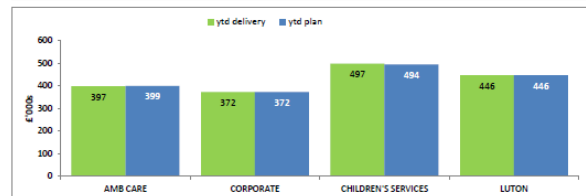
PLAN VS ACTUAL



PLANNED SAVINGS PROFILE (£'000)



SERVICE AREA



4.3 Use of Resources (UOR)

The Single Oversight Framework (SOF) sets out the NHS Improvement's approach to overseeing NHS providers. The SOF assesses the financial performance of providers via the "Use of Resources Metrics (UOR)" comprising the following five metrics:

- Liquidity Ratio
- Capital Servicing Capacity
- I&E Margin
- I&E Distance from Plan
- Agency

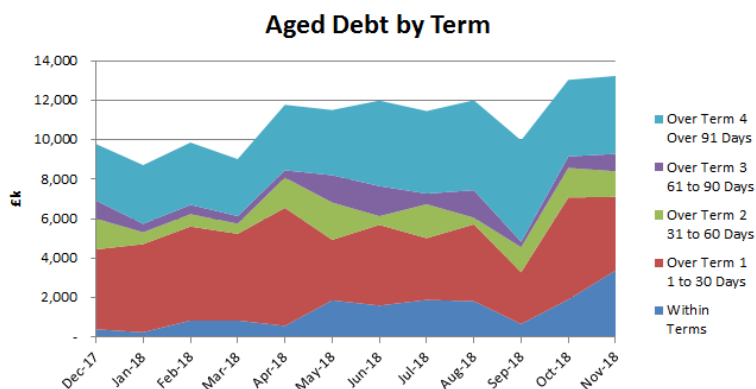
The table below illustrates the Trust's current score (please note the rating is 1 - 4, with 1 being the highest rating). The Trust is currently achieving a 1 rating in all metrics.

(1) Liquidity Ratio	1
(2) Capital Servicing Capacity	1
(3) I&E Margin	1
(4) I&E Margin Distance from Plan	1
(5) Agency	1
Use Of Resources Rating	1

4.4 Statement of Financial Position

	November 2018	September 2018
	£'000	£'000
Non-Current Assets		
Property, plant and equipment	52,486	51,987
Intangible assets	122	138
Total non-current assets	52,608	52,125
Current assets		
Inventories	41	41
Trade and other receivables	17,758	14,033
Cash and cash equivalents	9,654	9,403
Total current assets	27,453	23,477
Total assets	80,061	75,602
Current liabilities		
Trade and other payables	(17,838)	(13,740)
Provisions	(449)	(449)
Total current liabilities	(18,287)	(14,189)
Net current assets	9,166	9,288
Total assets less current liabilities	61,774	61,413
Non-current liabilities		
Trade and other payables	(1,045)	(1,045)
Provisions	(1,844)	(1,844)
Total non-current liabilities	(2,889)	(2,889)
Total assets employed	58,885	58,524
Financed by taxpayers' equity:		
Public dividend capital	2,107	2,107
Retained earnings	39,660	39,299
Revaluation Reserve	18,771	18,771
Merger Reserve	(1,653)	(1,653)
Total Taxpayers' Equity	58,885	58,524

Trade and other receivables have increased over the reporting period by £3.7m. Trade and other payables have increased by £4.1m and capital spend has increased non-current asset over the period.



Total trade receivables increased by £3.0m in October to £13.0m and then increased by £0.2m in November to £13.2m. The breakdown in November is £6.1m (46%) from NHS organisations; £6.1m (46%) from Local Authorities; and £1.0m (8%) from other parties.

Of the receivables over terms, the main organisations contributing to the balances are:-

Cambridgeshire County Council	£3.0m
Norfolk County Council	£2.0m
East London NHS FT	£1.4m
Health Education England	£0.9m

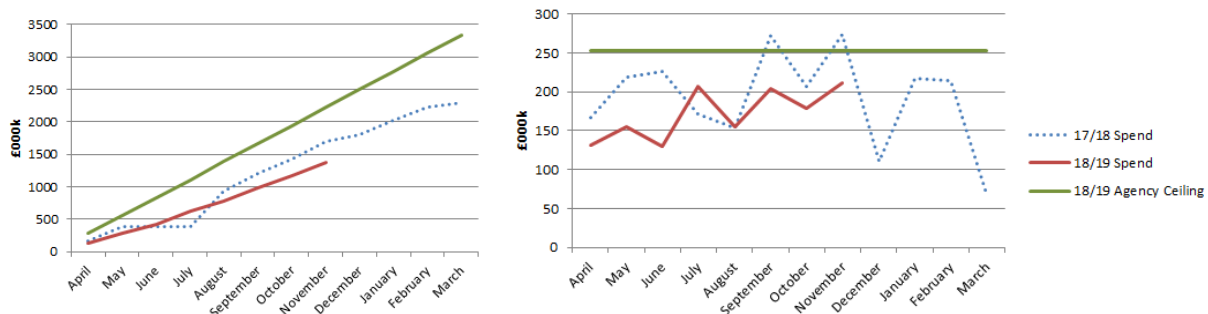
For the debt over 90 days old, as this is predominantly due from NHS and Local Authority bodies it is not deemed necessary to raise a Provision against these balances as the risk of non-recovery is low. After this reporting period (Month 8), Cambridgeshire County Council, Norfolk County Council, East London NHS FT and Health Education England have subsequently paid £1.2m, £1.9m, £1.2m and £0.9m respectively to reduce their outstanding balance.

4.5 Agency Ceiling

The Trust’s agency spend ceiling for 2018/19 totals £3,040k, which was a reduction from 2017/18’s ceiling of £3,332k.

The Trust’s cumulative agency spend to Month 8 is £1,373k which compares to £1,691k at Month 8 in 2017/18.

The tables below illustrate the monthly cumulative and actual performance of total agency spend.



4.6 Use of Bank Staff

To assist the Trust to remain within the agency spend ceiling, the services have the availability of bank staff to fill short term staffing pressures. Bank spend has been steadily increasing and remains higher than 2017/18, with cumulative spend to Month 8 totalling £788k which compares to £672k at Month 8 in 2017/18.

The table below illustrates the Trust’s monthly and cumulative bank spend.

